



ArCham

Argentine **Chamber of Commerce** - **Australia**



Buenos Aires – Guangzhou via Perth

A missing bridge between South America and Asia

V 1.1

About ArCham

The Argentine Chamber of Commerce in Australia is a young association created to develop stronger commercial links between Australia and Argentina.

About the authors

Andres Abate is the president for the Tourism Council and co-founder of ArCham. He is permanent resident in Australia and citizen of Argentina. Having worked for more than 18 years in Tourism and International Trade in Argentina he has comprehensive knowledge in both industries. He also has extensive experience in regional development and strategic planning after working many years in private and public projects in Patagonia.

Diego Berazategui is the Chairman and co-founder of ArCham. He is a citizen of Australia and Argentina and has over 15 years' international experience in Engineering, Supply Chain and Management. He has extensive knowledge of the Resources Industry and worked 16 consecutive years with relevant suppliers undertaking project work for some of the largest Mining and Oil & Gas corporations.

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Executive Summary: Buenos Aires-Perth-Guangzhou air connectivity prefeasibility

In this report ArCham presents a basic pre-feasibility study of the air connection of Buenos Aires-Perth-Guangzhou.

- A transpolar route Buenos Aires – Perth – Asia would generate relevant time savings to most of the travellers to Asia.
- Buenos Aires – Asia via Perth would be viable if Perth is position as a hub to distribute to Indonesia, Singapore, Thailand and south of China.
- 47,000 passengers travel from Argentina to Southeast Asia, the volume increased 35% in 2016.
- Argentina is considering removing the visa to Indonesians, Thai and Malaysians.
- Approximately 40,000 Argentine passengers travel to China. Most of them to the south: 30% Fuzhou, 20% Shanghai, 18% Xiamen 9% Guangzhou. (not including HK)
- Approximately 50,000 Chinese passengers travel to Argentina
- Perth is better connected than Auckland to some of the biggest airports in earth such as Jakarta, Singapore, Hong Kong, Bangkok, Guangzhou, etc.
- According to the BBC Report “Asia’s travel boom”, approximately 1 million people fly from Asia to Latin America each year.
- Argentina implemented a 10 years’ visa for Chinese citizens travelling to Argentina for Tourism or Business reasons.
- The arrival of Chinese passengers grew 17% in 2017 and +20% in the first quarter of 2018.
- Only few small changes are required in the Air Service Agreements in Argentina, Australia and Singapore. Changes are expected in few months.
- 120,000 Chinese descendants and Chinese from the Canton regions lives in Buenos Aires.
- Argentina Government forecast 150.000 Chinese arrivals by 2020.
- Western Australia and Argentina regards Chinese tourism strategic for Tourism development.
- Guangzhou Airport handled more than 65.84 million passengers in 2017, trailing Hong Kong’s 72.86 million

1 Flying time saving

1.1 Perth vs Auckland hub

	Perth	Buenos Aires (via Perth)	Flight time Savings*	Buenos Aires (via Auckland)	Auckland
Auckland	-	-	-	12:46	-
Perth	-	15:00	3:56	18:56	6:10
Singapore	5:03	20:03	3:08	23:11	10:25
Kuala Lumpur	5:22	20:22	3:11	23:33	10:47

Jakarta	3:58	18:58	3:17	22:15	9:29
Bangkok	6:44	21:44	2:50	24:34	11:48
Guangzhou	7:40	22:40	1:32	24:11	11:25
Hong Kong	7:34	22:34	1:26	24:03	11:17

*Flying time saving only. Perth have a better frequency to SEA than Auckland therefore waiting time will also be substantially reduced. **As a reference, current waiting time in Auckland traveling from Perth to Buenos Aires is 14 hours.**

1.2 Perth vs Dubai hub

	Perth	Buenos Aires (via Perth)	Flight time Savings*	Buenos Aires (via Dubai)	Dubai
Dubai	-	-	-	16:40	-
Perth	-	15:00	12:50	27:50	11:10
Singapore	5:03	20:03	3:57	24:00	7:20
Kuala Lumpur	5:22	20:22	3:18	23:40	7:00
Jakarta	3:58	18:58	5:55	24:53	8:13
Bangkok	6:44	21:44	1:11	22:53	6:13
Guangzhou	7:40	22:40	1:22	24:02	7:22
Hong Kong	7:34	22:34	1:36	24:10	7:30

* There are not direct flights from Buenos Aires to Dubai, but we present the possibility as an option to connect Buenos Aires with Singapore. Current flight stops in Rio de Janeiro and takes 18:30 instead of 16:40 as it is presented in the table. Perth-Buenos Aires via Dubai including the stopovers is more than 30 hours.

1.3 Perth airport connection frequencies

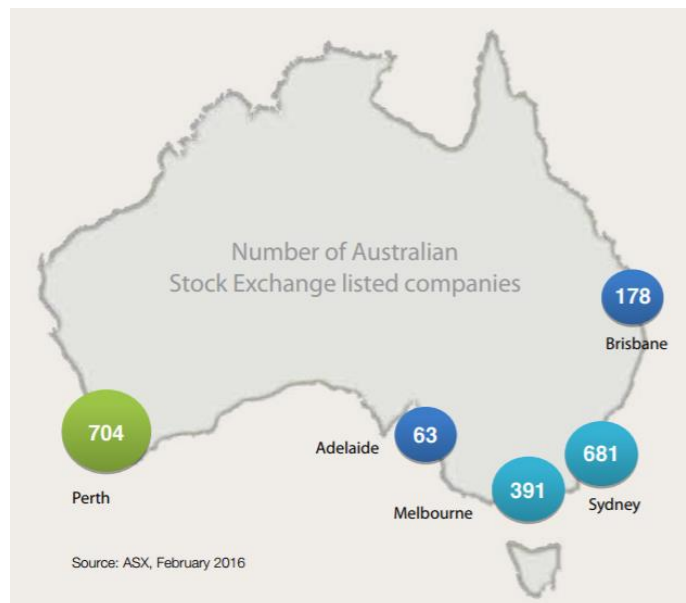
Perth is well connected to some of the biggest airports in earth. It is also expected that frequencies will go up after a connection to South America is set.

Passengers per year	40M	40M	35M	50M	40M	40M	40M
Direct flights to:	Jakarta	Singapore	Kuala Lumpur	Hong Kong	Guangzhou	Bangkok	Sydney
Perth (Flights per week)	4	54	23	6	4	7	94
Auckland (Flights per week)	0	10	7	15	10	5	91
Dubai (Flights per week)	21	35	21	35	14	63	21

2 Why Perth?

Perth is the Capital of Western Australia¹.

- A\$171 billion investment in resources projects under construction or committed
- 35 per cent of all ASX-listed companies are headquartered in Perth. 76 per cent of listed companies in Perth are from the materials and energy sectors
- Strategic location to the Asia Pacific and Indian Ocean growth markets with access to capital
- The shortest travel times from an Australian capital to most Asia-Pacific and Indian Ocean markets



¹ http://www.jtsi.wa.gov.au/docs/default-source/default-document-library/invest_in_the_west-investment_environment_in_western_australia_brochure_0515

3 Tail winds

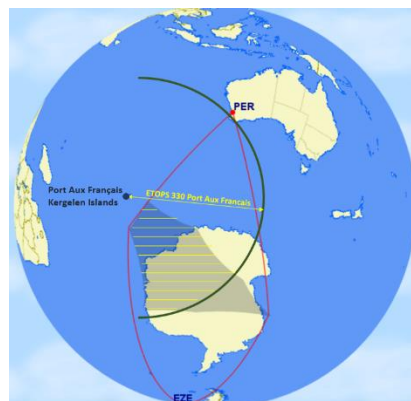
Perth and Buenos Aires are located diametrically opposite with the south pole in the middle therefore flights will always travel east and use tail winds.



4 Extended Diversion Time Operations (EDTO)

This is one of the most remote routes in the world due to the lack of available alternate aerodromes, comparable with the existing routes when traveling from Perth to Buenos Aires. However, when travelling from Buenos Aires to Perth going east there is an area where 2 engine airplanes cannot operate under ETOPS330.

As an opportunity to investigate further we found that Port-aux-Français had a project to set up an aerodrome 20 years ago that didn't progress. With new EPTOS regulations the runway may viable.



5 People logistics

Current traffic and forecasted growth presents the option Buenos Aires – Perth – Asia as a high potential option.

In our view Perth is a good alternative if it is presented as a hub to distribute to Indonesia, Thailand, Singapore and Guangzhou.

- 47,000 passengers travel from Argentina to Southeast Asia, the volume increased 35% in 2016.³
- 40,000 Argentine passengers travel to China and approximately 50,000 Chinese passengers travelling to Argentina.² Argentina Government forecast 150.000 Chinese arrivals by 2020.
- 227,000 passengers travelled from South America to Asia in 2016 with a grow of 15% from 2015.³
- The movement of passengers between Guangzhou and Perth in 2017 was 76,923 (38,548 outbound & 38,375 inbound). The growth in the first quarter of 2018 has been of 32.4%.⁴
- According to .ID (the population experts in Perth), the Census 2016 identified 9,965 Perth inhabitants who speak Spanish at home and 6,640 who speak Portuguese⁵. This means that in Perth alone, there is an approximate market of 15,000 people who would use this direct flight.
- A significant customer segment to target would be Latin American exchange students. In 2016, there were 29,440 Brazilians in Australia on a student visa⁶.
- Western Australia is the state with the highest rate of movement in Australia, with short-term resident departures being 532 movements per 1,000 people⁷.
- The population of South America exceed 400 million⁸. Having a direct flight between Buenos Aires and Perth represents the opportunity to open the South American travellers market to Western Australia and Asia.
- In 2015, 207,900 visitors from countries in Asia and Oceania arrived in Argentina⁹.

² Ministry of Tourism Argentina

³ IATA

⁴ Perth Airport

⁵ .Id the populations experts – Census of Population and Housing 2016

⁶ End of Year Summary of International Student Enrolment Data – Australia – 2016 – Department of Education and Training

⁷ 3401.0 - Overseas Arrivals and Departures, Australia, Dec 2016 -

<http://www.abs.gov.au/ausstats/abs@.nsf/products/961B6B53B87C130ACA2574030010BD05>

⁸ World Population Prospects – United Nations

⁹ Report of International Tourism – Undersecretary of Tourism Development – Ministry of Tourism of Argentina

- Between 2014 and 2015, the departures from Argentina towards countries in Asia and Oceania grew by 17.2% (from 116,992 in 2014 to 136,574 in 2015)¹⁰.
- According to the BBC Report “Asia’s travel boom”, approximately 1 million people fly from Asia to Latin America each year¹¹.
- According to Airbus company forecasts, the annual growth rate in passenger traffic between South America and Asia and Oceania will exceed the worldwide 2015-2034 rate by approximately 50%¹².

Market	Annual grow
Worldwide	4.6%
Asia Advanced – South America	5.8%
Asia Emerging – South America	7.6%
Australia/NZ – South America	6.4%

- According to CAPA (Centre for Aviation) Report “Asia to Latin America - Lots of distance, lots of options, but little direct service”¹³, it is necessary to find strategic hubs to connect Asia and Latin America.
- According to OAG (Aviation Worldwide Limited) forecasts, scheduled flights to/from and within South America will grow 20% between 2017 and 2019¹⁴
- IMF forecasts that Argentina will have a steady GDP growth in the next 5 years.¹⁵

2017	2018	2019	2020	2021
2.8%	2.9%	2.8%	2.8%	2.9

- In Ezeiza International Airport in Argentina (EZE), carrier added 12% more seats in July 2016 than in the previous year.¹⁶

¹⁰ Report of International Tourism – Undersecretary of Tourism Development – Ministry of Tourism of Argentina

¹¹ <http://www.bbc.com/news/world-asia-24481410>

¹² Global Market Forecast – Flying by Numbers 2015 2034 - Airbus

¹³ <https://centreforaviation.com/insights/analysis/asia-to-latin-america---lots-of-distance-lots-of-options-but-little-direct-service-187130>

¹⁴ Report “Brazil starts to rally, as recovery beckons for aviation market” – OAG Aviation Worldwide Limited

¹⁵ IMF World Economic Outlook. April 2016

¹⁶ Report “Reboot South America: Tops hub primed for opportunities in 2017” - OAG Aviation Worldwide Limited

6 Legal

6.1 What needs to change in the service Agreements?

6.1.1 Argentina have an asymmetric air services agreement with Australia¹⁷.

- The Australian nominated airline can land in Buenos Aires and continue to South America or Europe.
- Perth is not included because it is in the Pacific, it is not clear why it is limited to the points in the Pacific.
- Changes were already requested and are expected to be executed in few months.

ARGENTINA - AUSTRALIA ROUTE
SCHEDULE
SECTION I

Routes for the designated airline of the Argentine Republic
Argentina via Auckland to one point in Australia.

SECTION II

Routes for the designated airline of Australia
Australia via points in the Pacific to one point in Argentina and beyond to:
(a) two points in South America; and
(b) one point in Europe (including the European Economic Community).



6.1.2 An airline nominated by China can fly to Buenos Aires via Perth.

Section II

The route of the agreed services performed by the airlines designated by the Government of the People's Republic of China shall be as follows in either direction:

Points in China: Any

Intermediate Points: Any

Points in Australia: Any

Points Beyond: Any

¹⁷ <http://www.info.dfat.gov.au/Info/Treaties/treaties.nsf/AllDocIDs/FAE3A83285B3712ACA256AF6001862A8>



ArCham

Argentine **Chamber** of **Commerce** - **Australia**

Core Innovation Hub

191 St Georges Tce

Perth, Western Australia

+61 1300 240 064

www.archam.com.au

info@archam.com.au